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MISSOURI DEPARTMENT OF HIGHER EDUCATION

Affordability and Student Financial Aid

Presented by
Leroy Wade



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AFFORDABILITY



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What Is Affordability?

- To have the financial means for; bear the cost of
- Complex issue in higher education
 - Sticker Price
 - Net Price
 - Discounting
 - Student Aid
 - Loans vs. Grants/Scholarships



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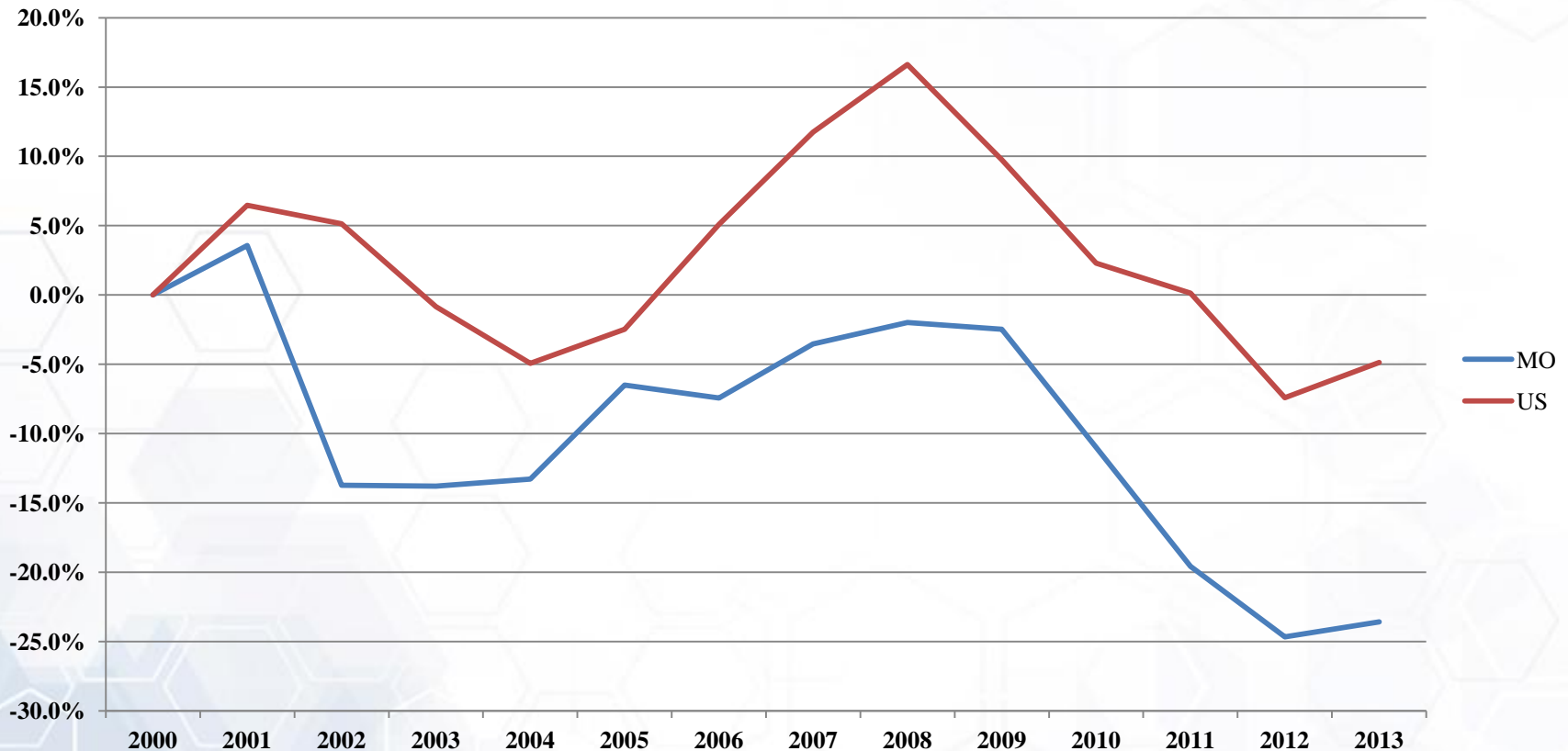
What is Affordability?

- Institutional factors
 - Direct state support (publics)
 - Endowment
 - Institutional mission
 - Institutional efficiency
- Personal factors
 - Income level
 - Student/family savings
 - Available student assistance



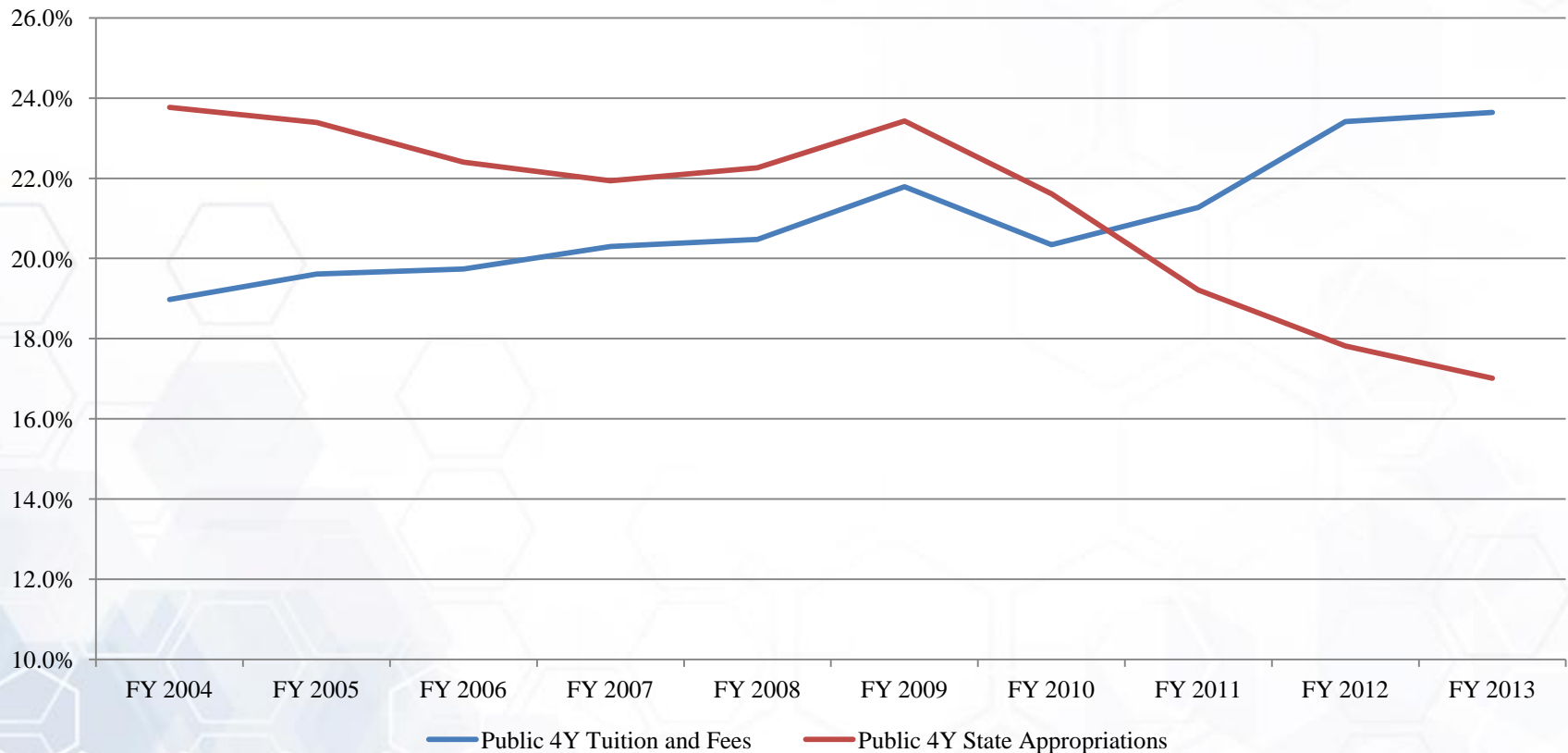
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Change in State Support for Public Higher Education per FTE, FY2000 - FY2013



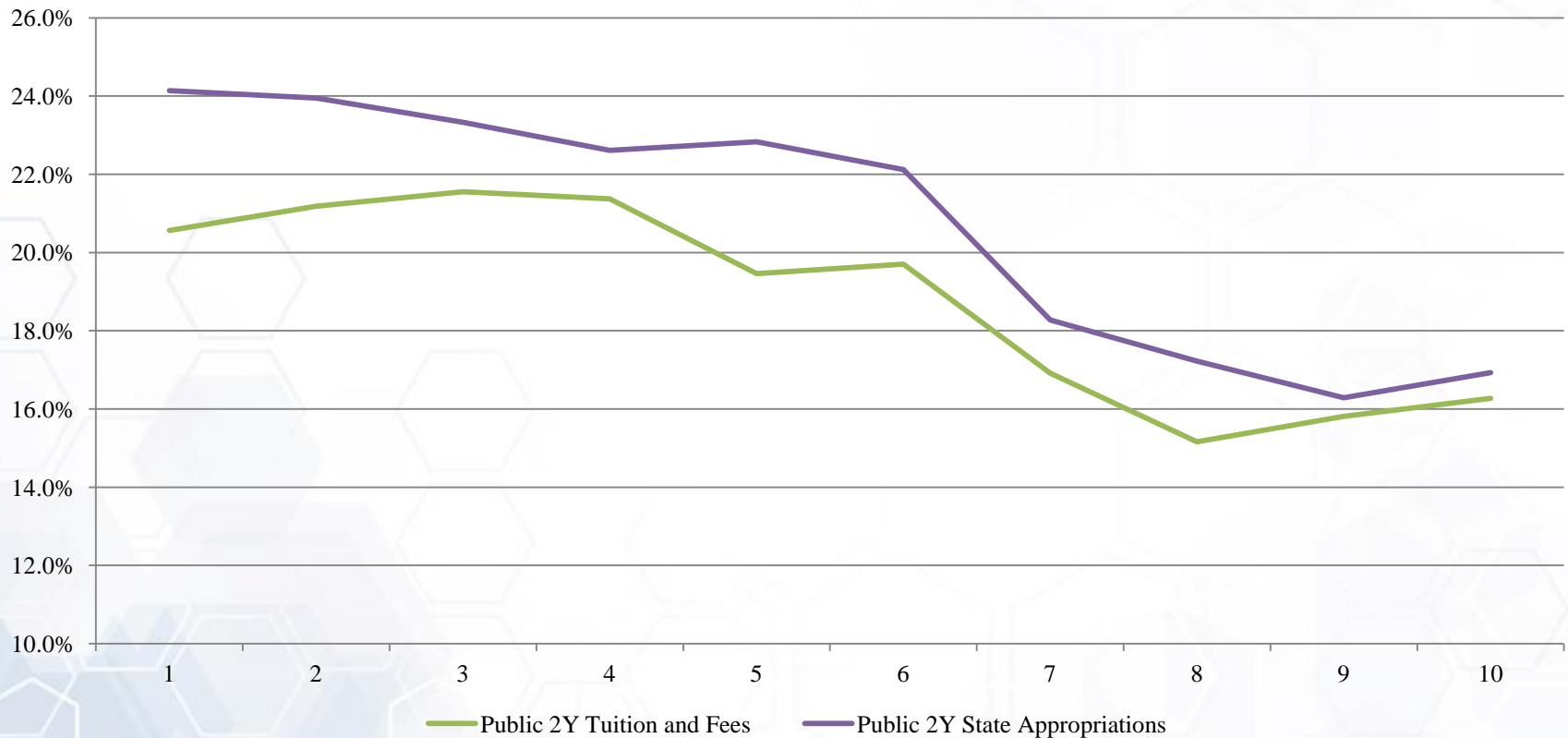
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Percentage of Total Revenue from Tuition and Fees and State Appropriations, Public Four-years, FY2004 - FY2013



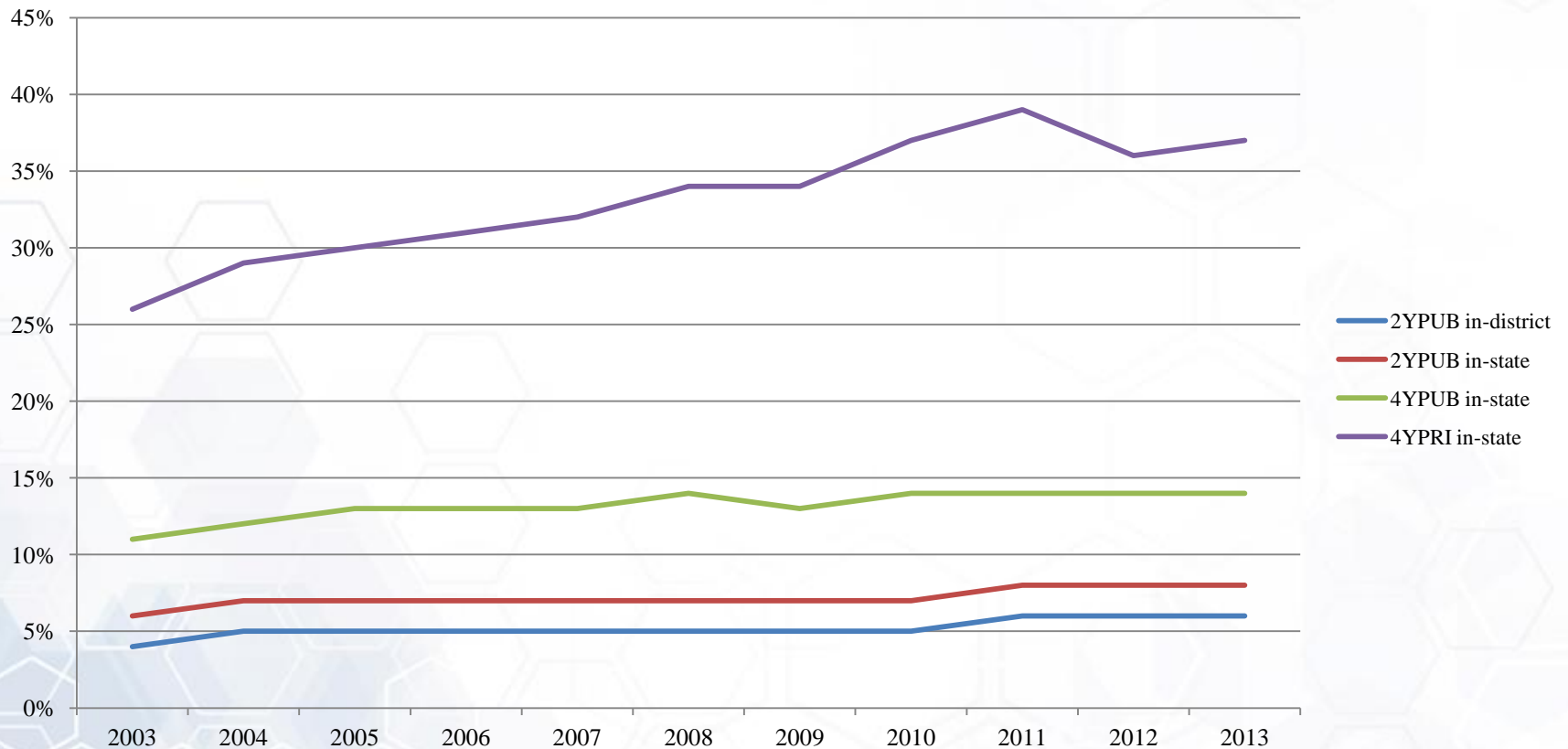
MISSOURI DEPARTMENT OF HIGHER EDUCATION

Percentage of Total Revenue from Tuition and Fees and State Appropriations, Public Two-years, FY2004 - FY2013



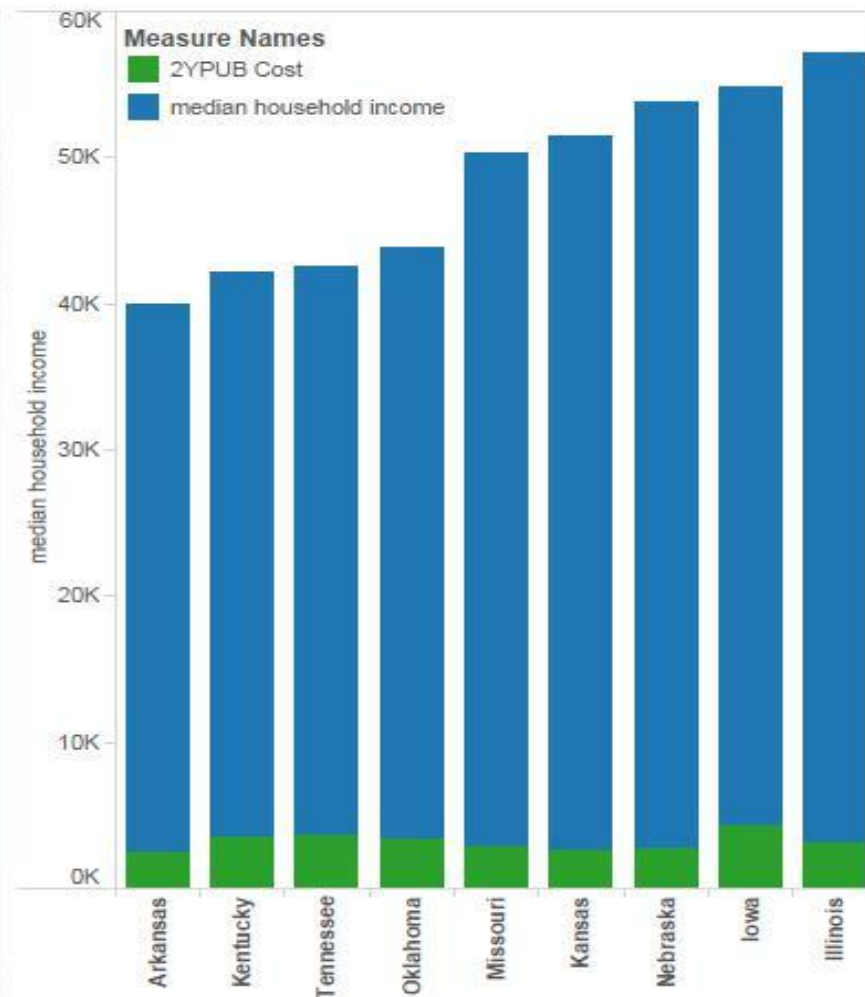
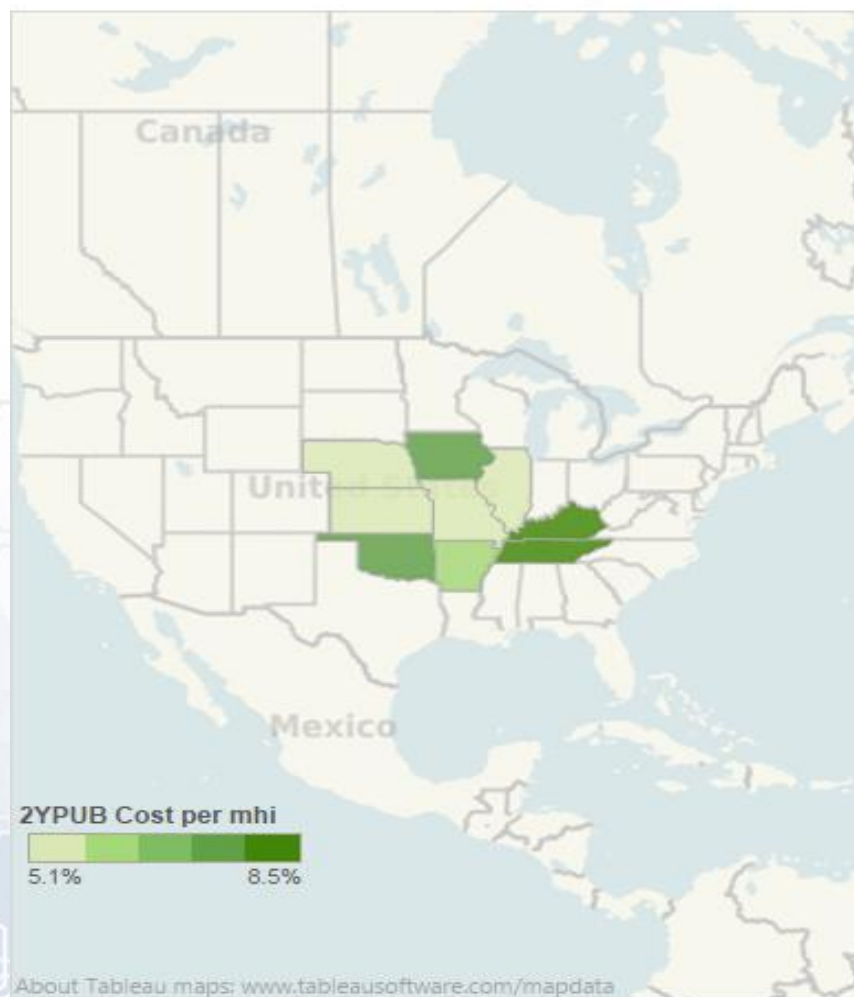
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Tuition and Fees as a Percent of Median Household Income



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In-District Tuition and Fees at Public 2-Year Institutions as percentage of Median Household Income, FY 2013



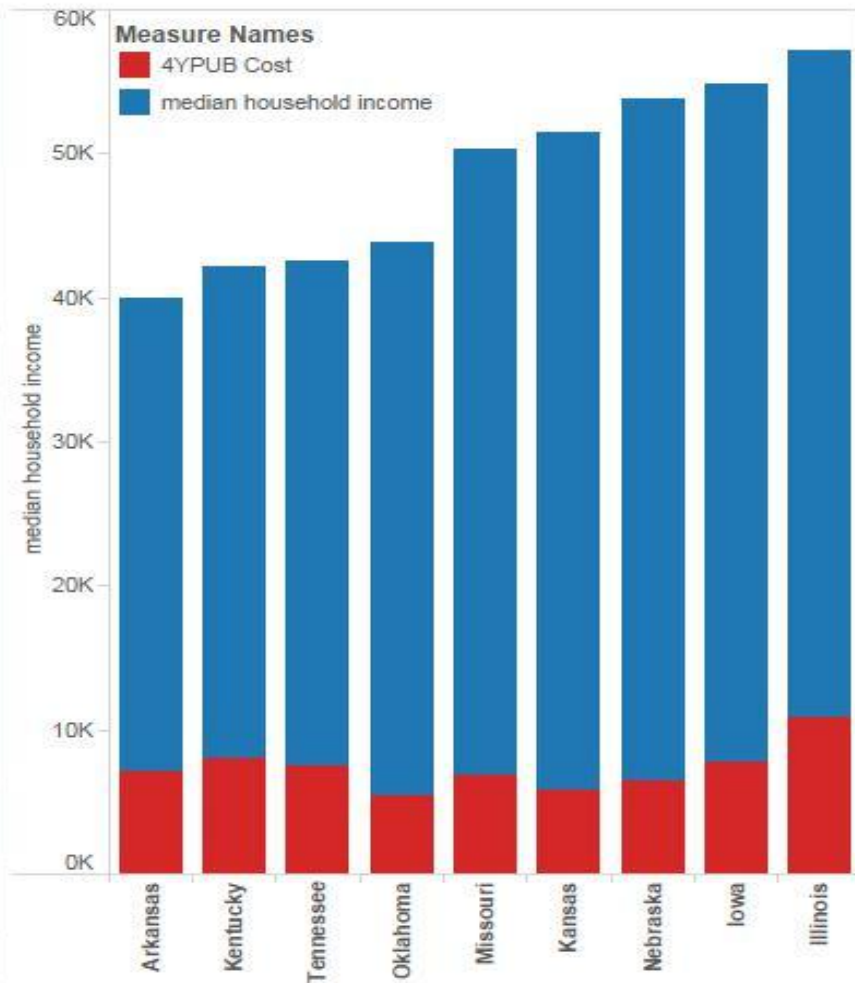
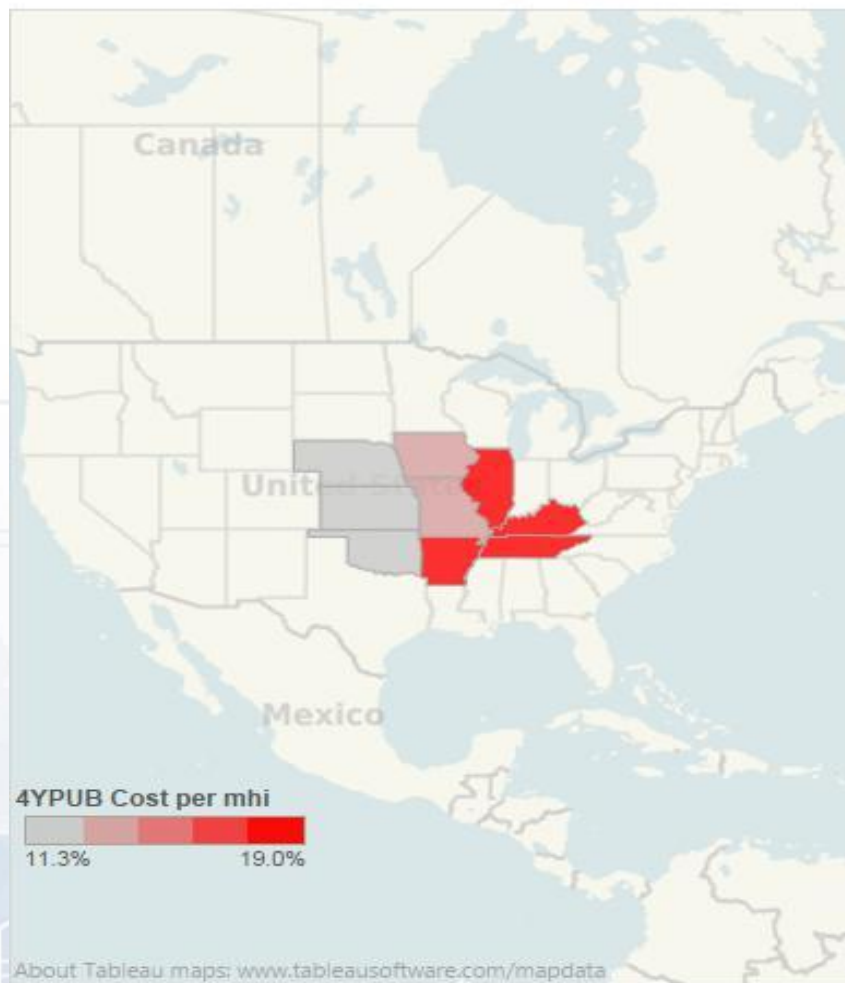
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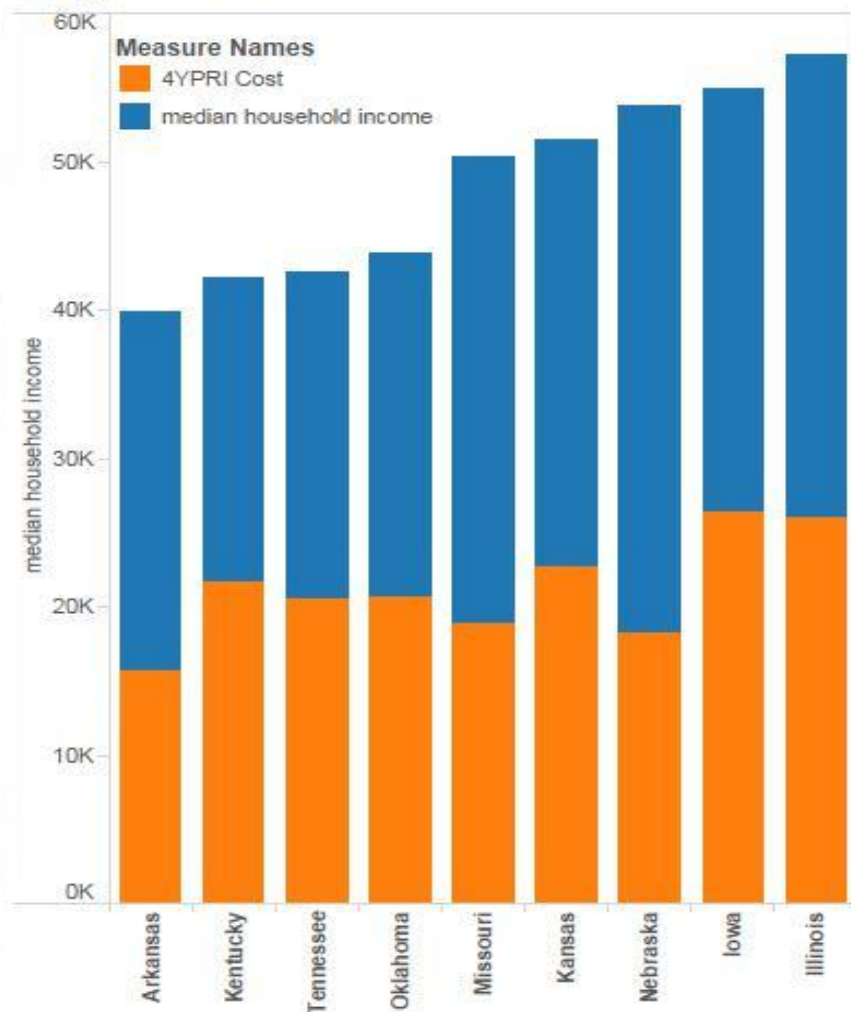
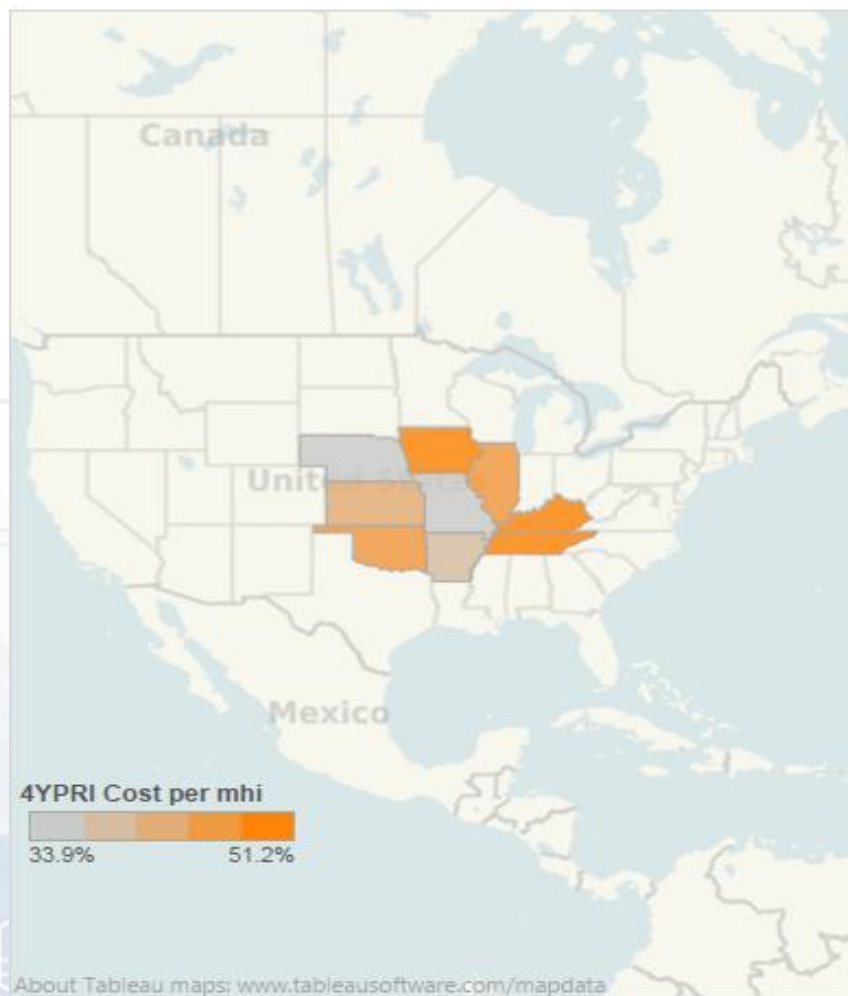


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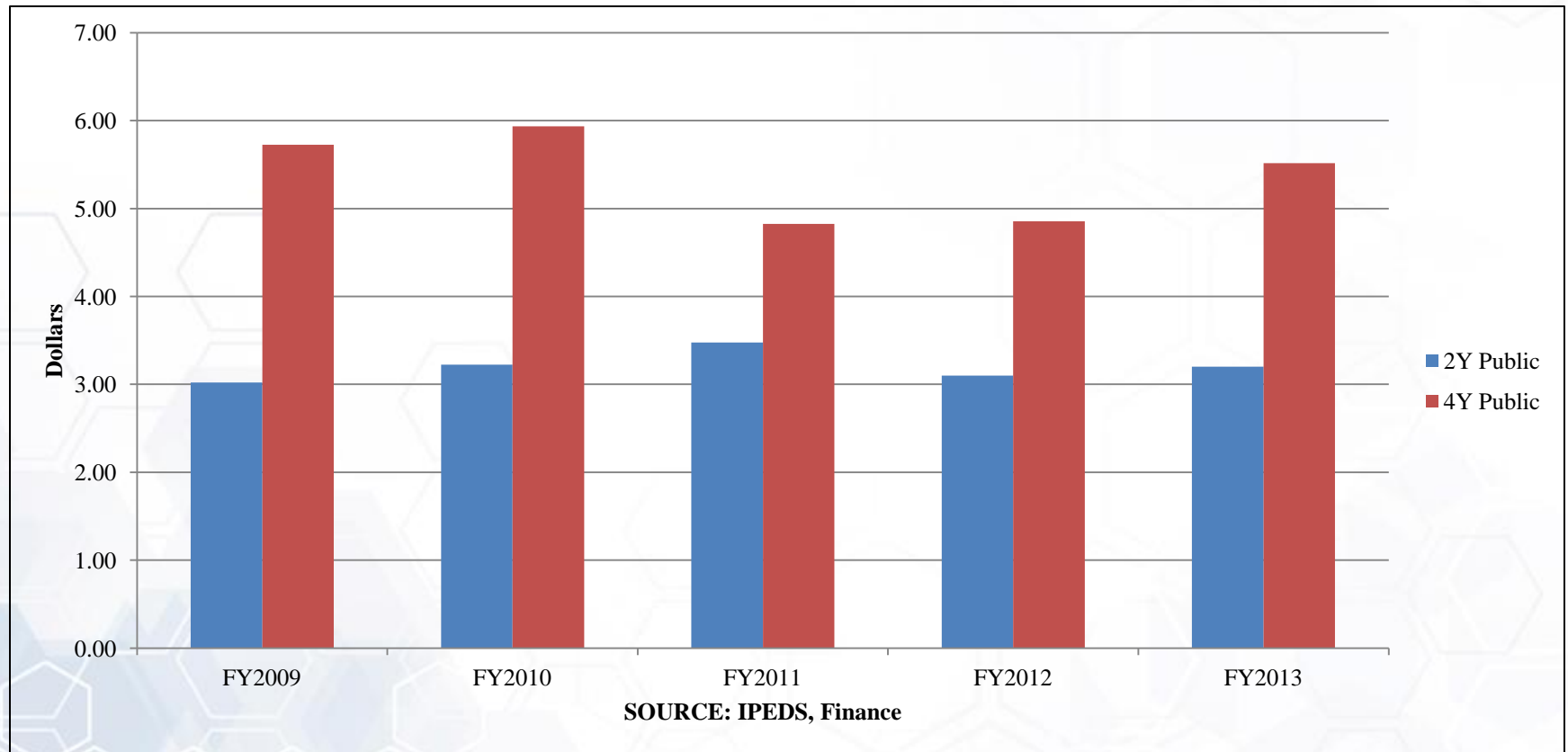
In-State Tuition and Fees at Public 4-Year Institutions as percentage of Median Household Income, FY 2013



Tuition and Fees at Private Not-for-Profit 4-Year Institutions as percentage of Median Household Income, FY 2013



Ratio of Instructional to Administrative Expenditures by Public Sector and Fiscal Year



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Take Aways

- State support has declined by nearly \$1,500 on an FTE basis since 2000.
- Tuition and fees have remained relatively flat as a percent of family income.
- As state support has declined, tuition and fees have an increased role in funding public institutions.



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Take Aways

- Missouri is “middle of the road” compared to neighboring states
- Administrative expenditures are relatively flat compared to instruction



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STUDENT FINANCIAL AID



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Types of Student Aid

- Non-Need/Merit-based
 - Eligibility linked to talent/performance/academics
- Need-based
 - Eligibility linked to student/family finances
 - Multiple methodologies for calculation
- Gift Aid
 - Scholarships and Grants
 - No repayment or post-graduation obligation
- Loans
 - Standard loan obligations
 - Forgivable loans



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Sources of Student Aid

- Federal
 - Pell Grant
 - Established in 1965 – Higher Education Act
 - Primary need-based grant
 - Student Loan
 - Subsidized/Unsubsidized Direct Loans
 - Parent Loans
 - Perkins Loan Program
 - Work-Study
 - Aid earned through part-time employment



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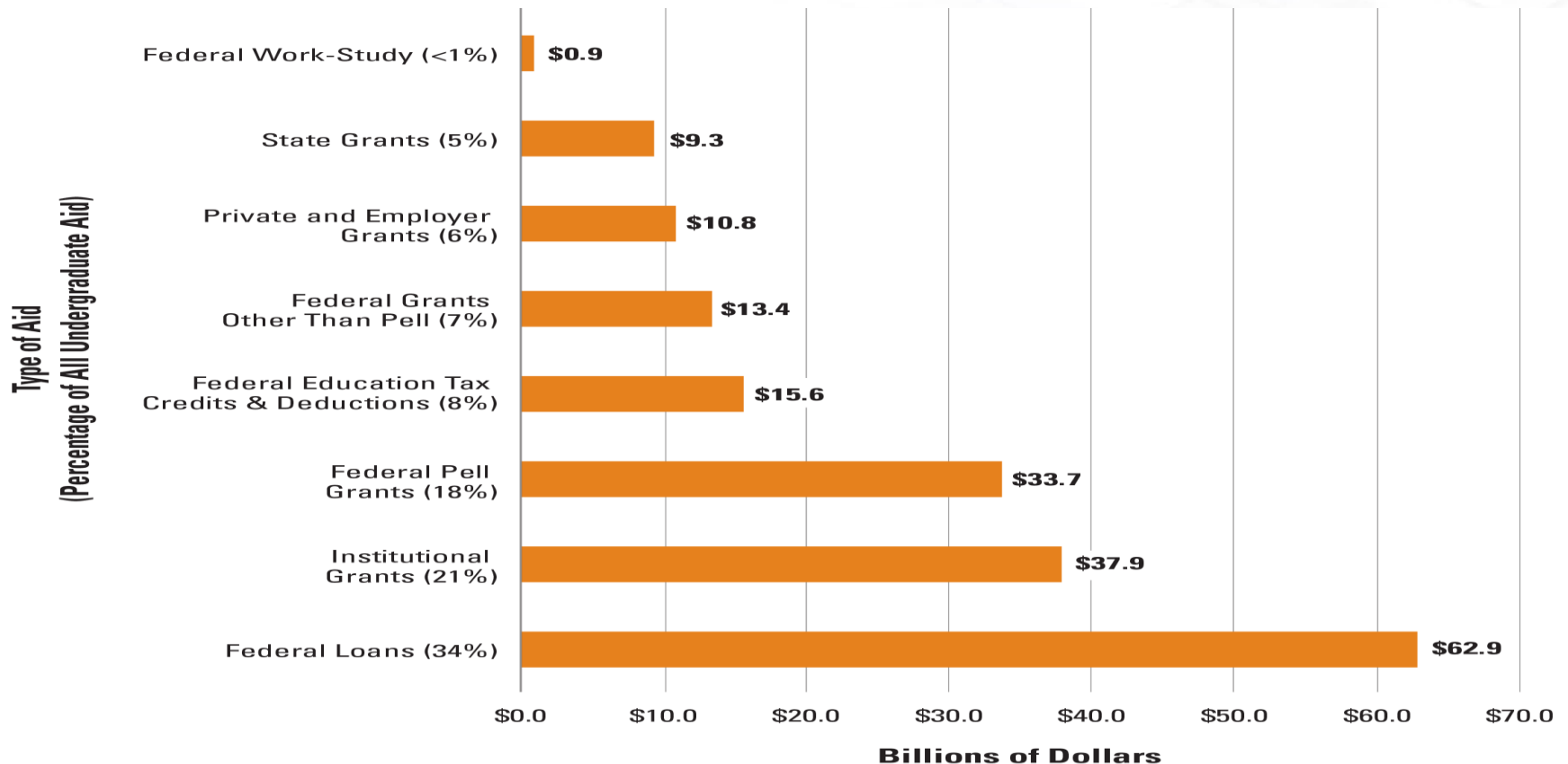
Sources of Student Aid

- State
 - Achieve state goals
 - Multiple fund sources
- Institutional
 - Achieve institutional goals
 - Multiple sources
- Private
 - Charitable/Benevolent
 - Individual/Family

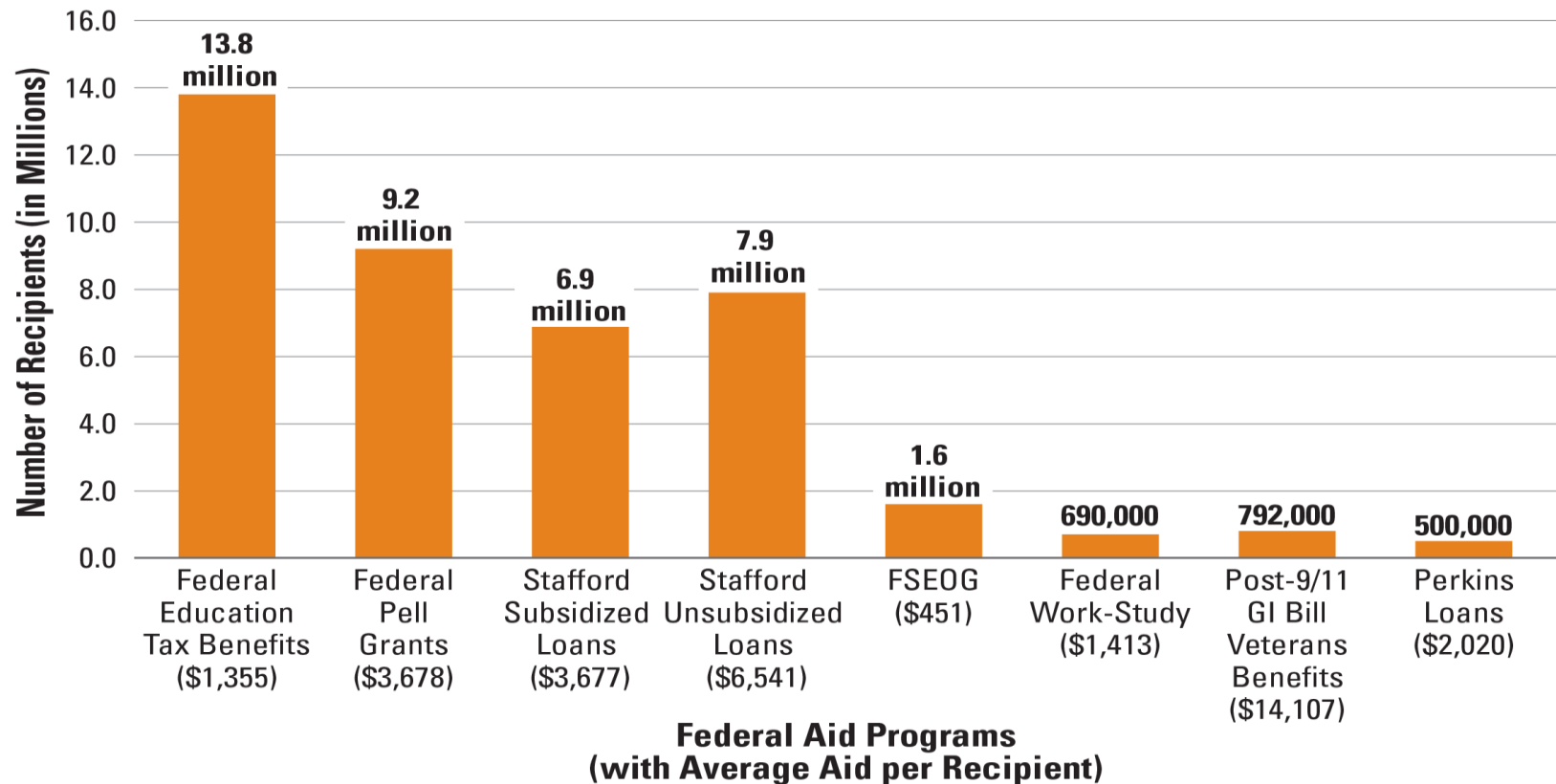


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Total Undergraduate Student Aid by Source and Type (in Billions), 2013-14



Number of Recipients by Federal Aid Program (with Average Aid Received), 2013-14



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SOURCE: The College Board, *Trends in Student Aid 2014*

**Total Need- and Non-Need-Based Grants From All Sources,
Missouri Public and Comprehensive Independent Institutions,
FY 2010-2014**



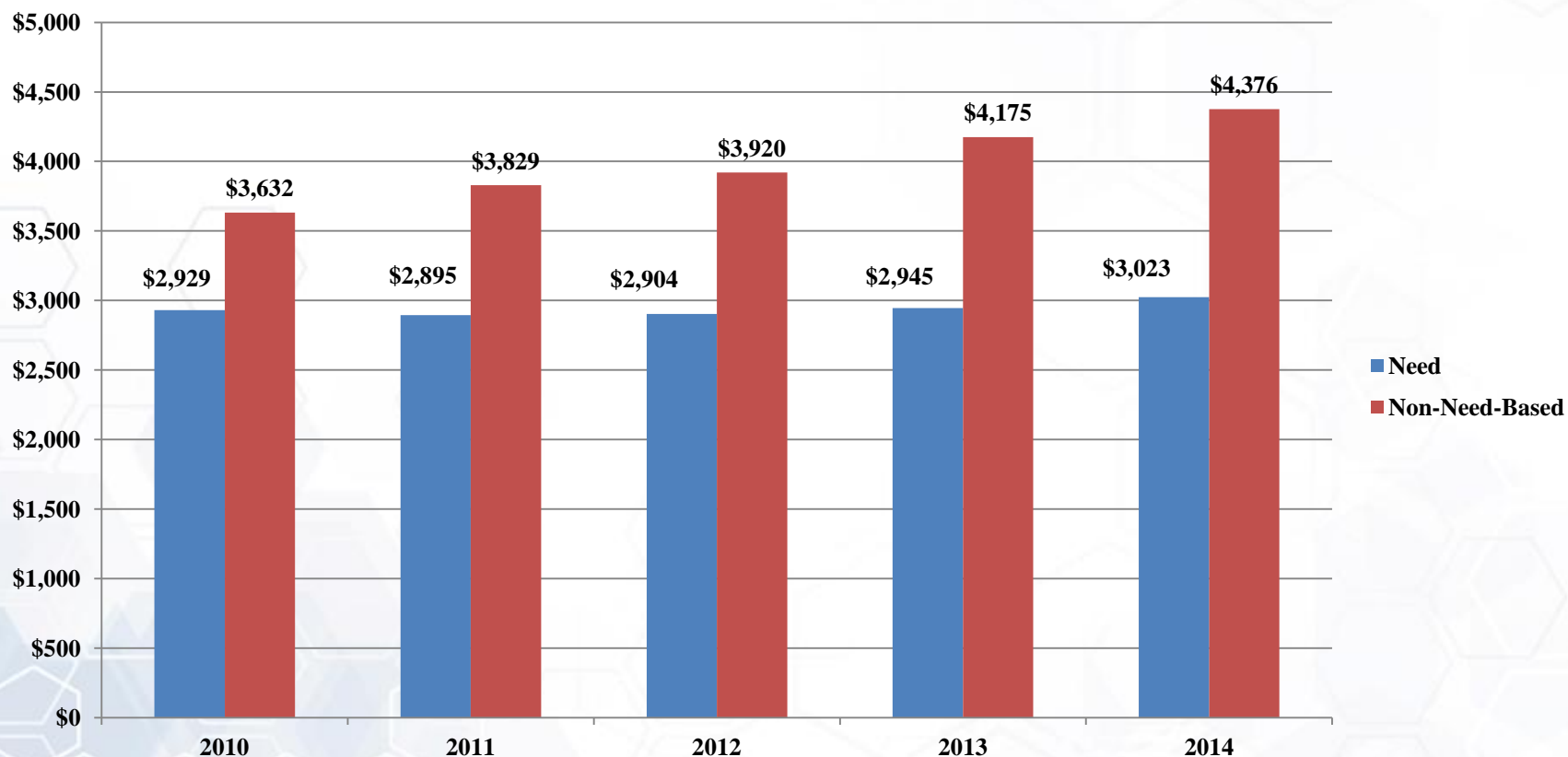
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**Average Need- and Non-Need-Based Grants From All Sources,
Missouri Public and Comprehensive Independent Institutions,
FY 2010-2014**

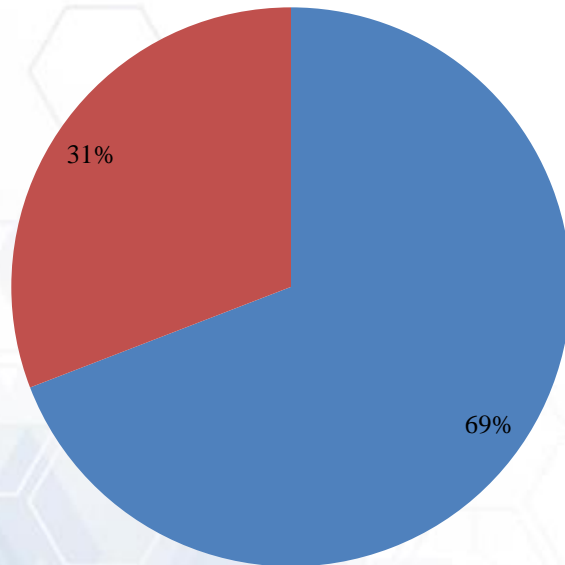


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State Aid, Need vs. Non-Need

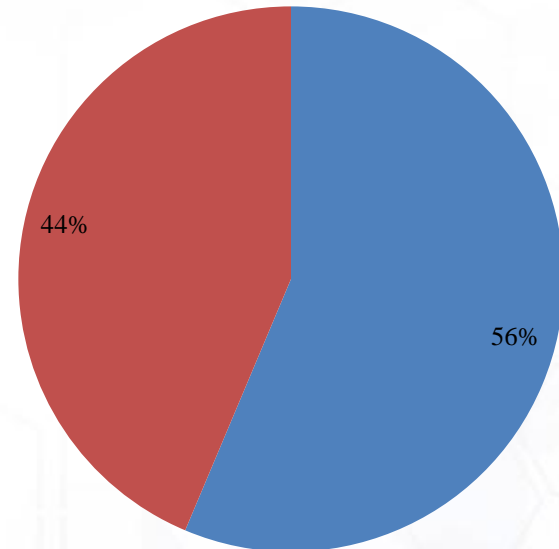
State Aid by Type, FY 2010

■ Need ■ Non-Need



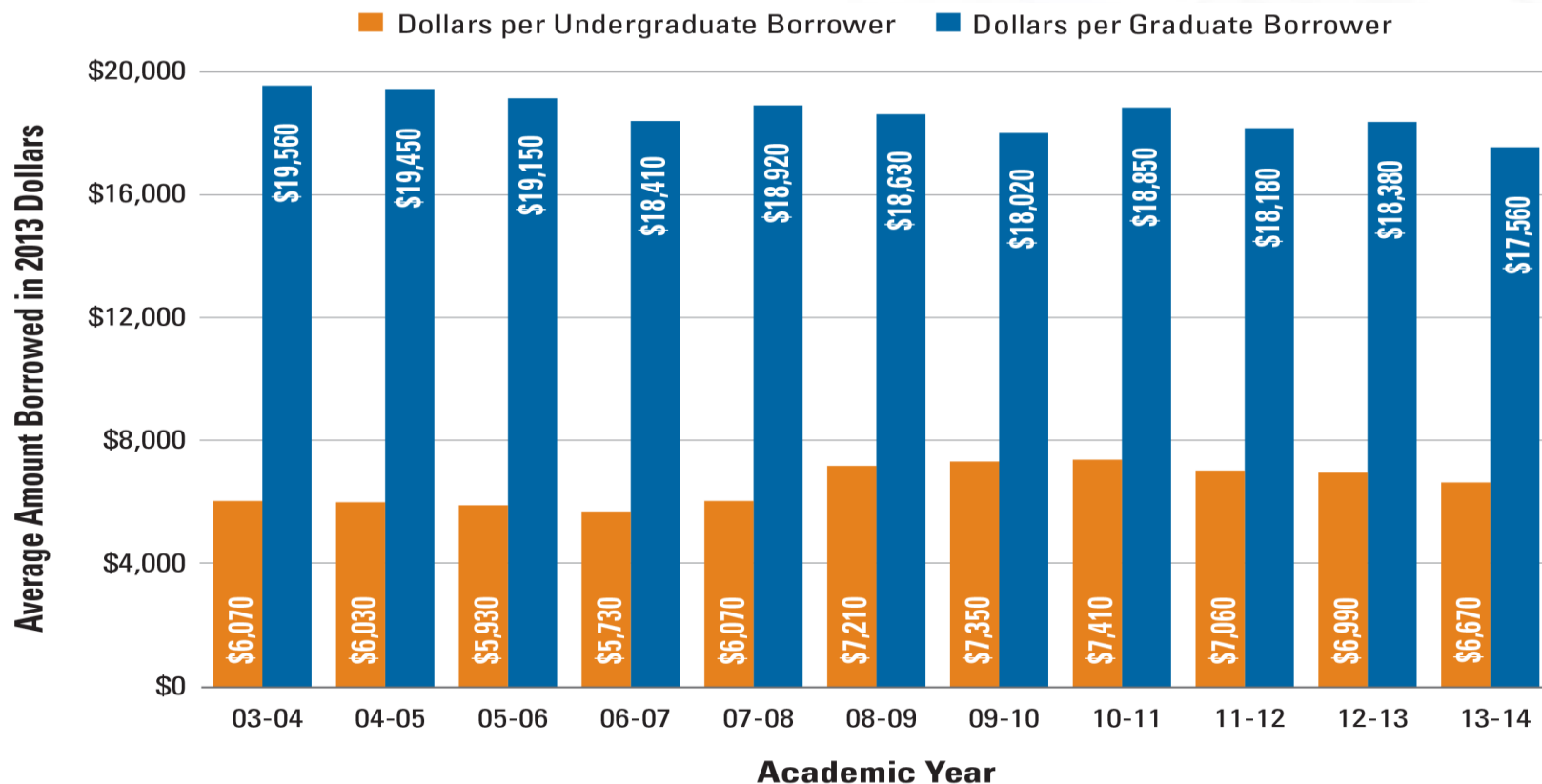
State Aid by Type, FY 2014

■ Need ■ Non-Need

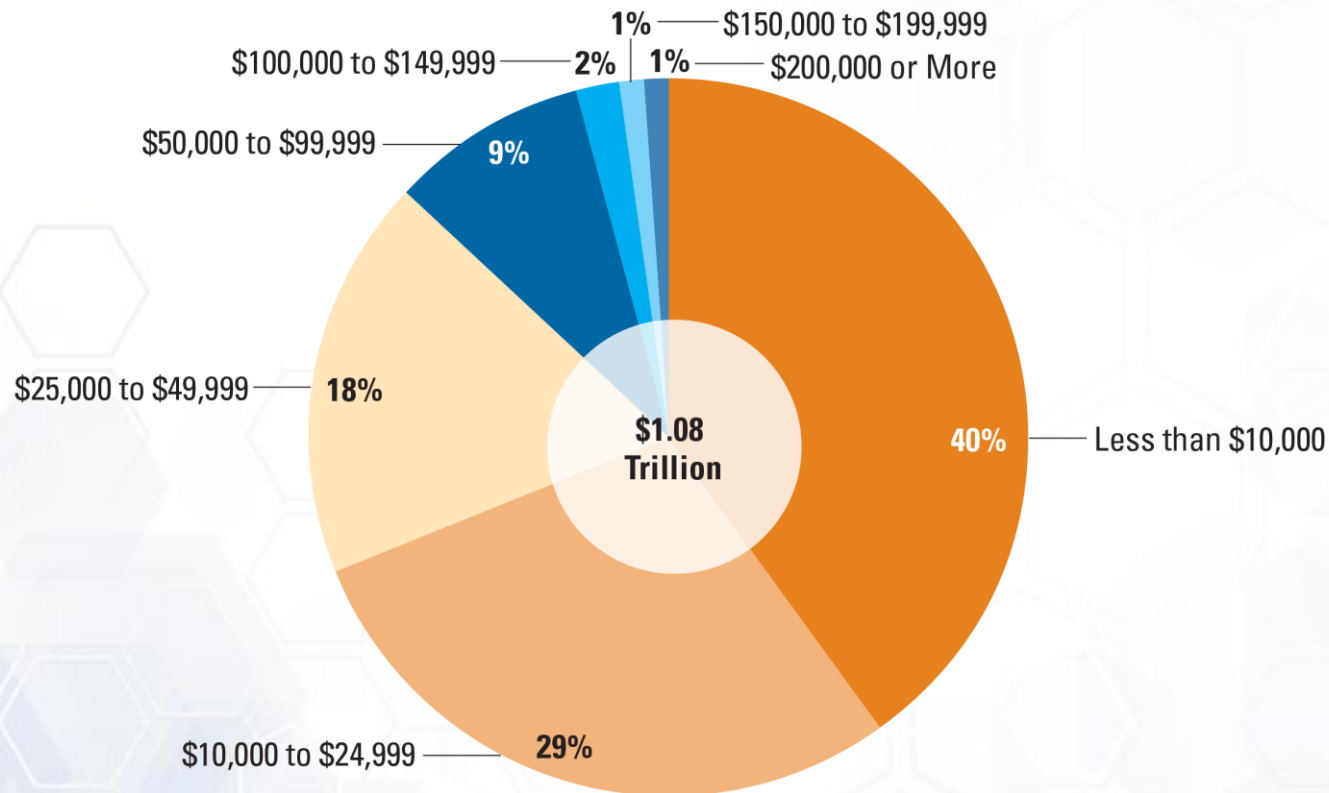


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Average Annual Amount Borrowed in Federal Subsidized and Unsubsidized Loans in 2013 Dollars, 2003-04 to 2013-14



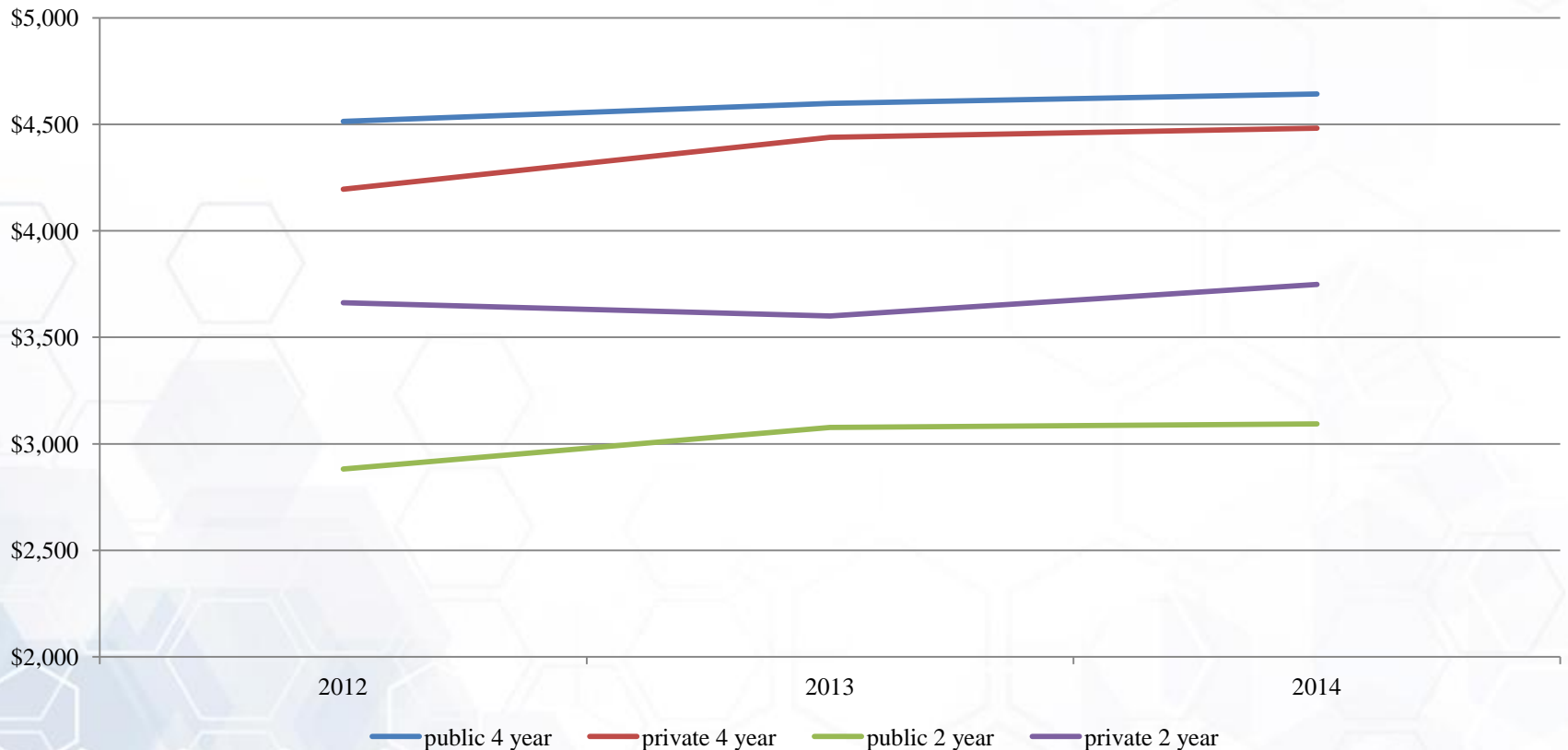
Distribution of Outstanding Education Debt Balances, 2013



SOURCE: The College Board, *Trends in Student Aid 2014*



Average Loan for Missouri Undergraduate Student, 2012-2014



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MISSOURI STUDENT FINANCIAL AID



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Missouri State Aid

- Access Missouri
 - Single need-based program
 - Established 2008
 - Replaced Charles Gallagher program
 - Developed by task force of student aid professionals
 - 53,000 students received \$60 M (FY 2014)
 - Average award - \$1,133



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Missouri State Aid

- Bright Flight (Higher Education Academic Scholarship)
 - Established 1988
 - Primary merit program
 - Top 5 percent of ACT/SAT test takers
 - Top 3 percent funded
 - Top 4th and 5th percentile unfunded
 - 6,000 students received \$14.5M
 - Average award - \$2,384



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Missouri State Aid

- A+
 - Established 1993 (Outstanding Schools Act)
 - Non-need
 - Restricted use
 - High school attended
 - Postsecondary institution attended
 - 13,000 students received \$32M
 - Average award - \$2,500



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Other State Aid Programs

- MDHE
 - Ross-Barnett
 - Survivor/Benefit programs
- Health and Senior Services
 - PRIMO
- National Guard
- Agriculture
 - Large Animal Vet. Program



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MDHE Administered State Aid

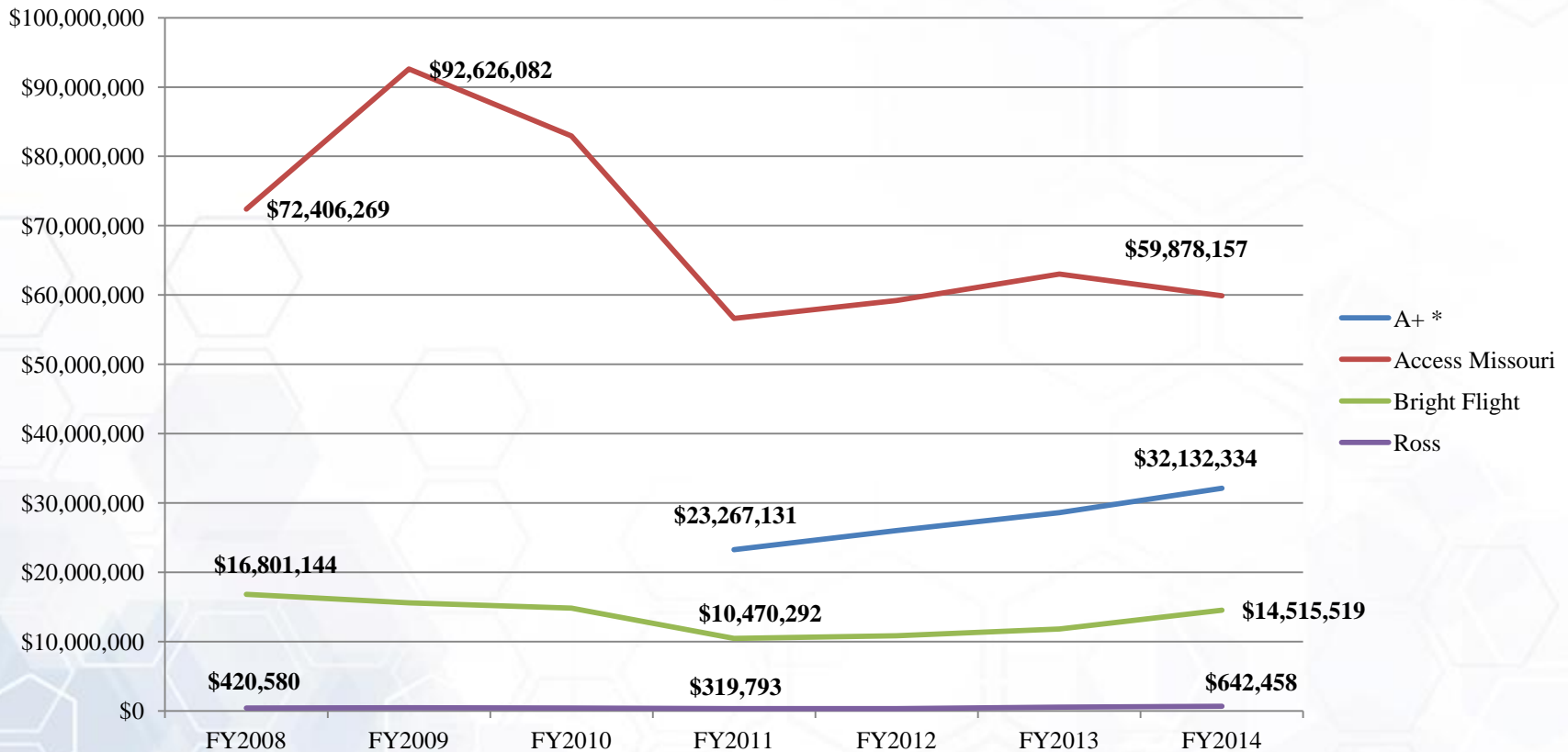
FY 14

Program	Dollars Awarded	Recipients
A+	\$32,132,334	12,853
Access Missouri	\$59,878,157	52,826
Bright Flight	\$14,515,519	6,089
Ross-Barnett	\$642,457	280
Advanced Placement	\$17,000	34
Kids Chance	\$11,250	5
Minority Teaching	\$10,000	5
MUELP	\$31,973	11
Public Safety Officer	\$84,151	17
Vietnam Veterans	\$18,361	4
Wartime Veterans	\$71,865	7
Total	\$107,413,069	72,131



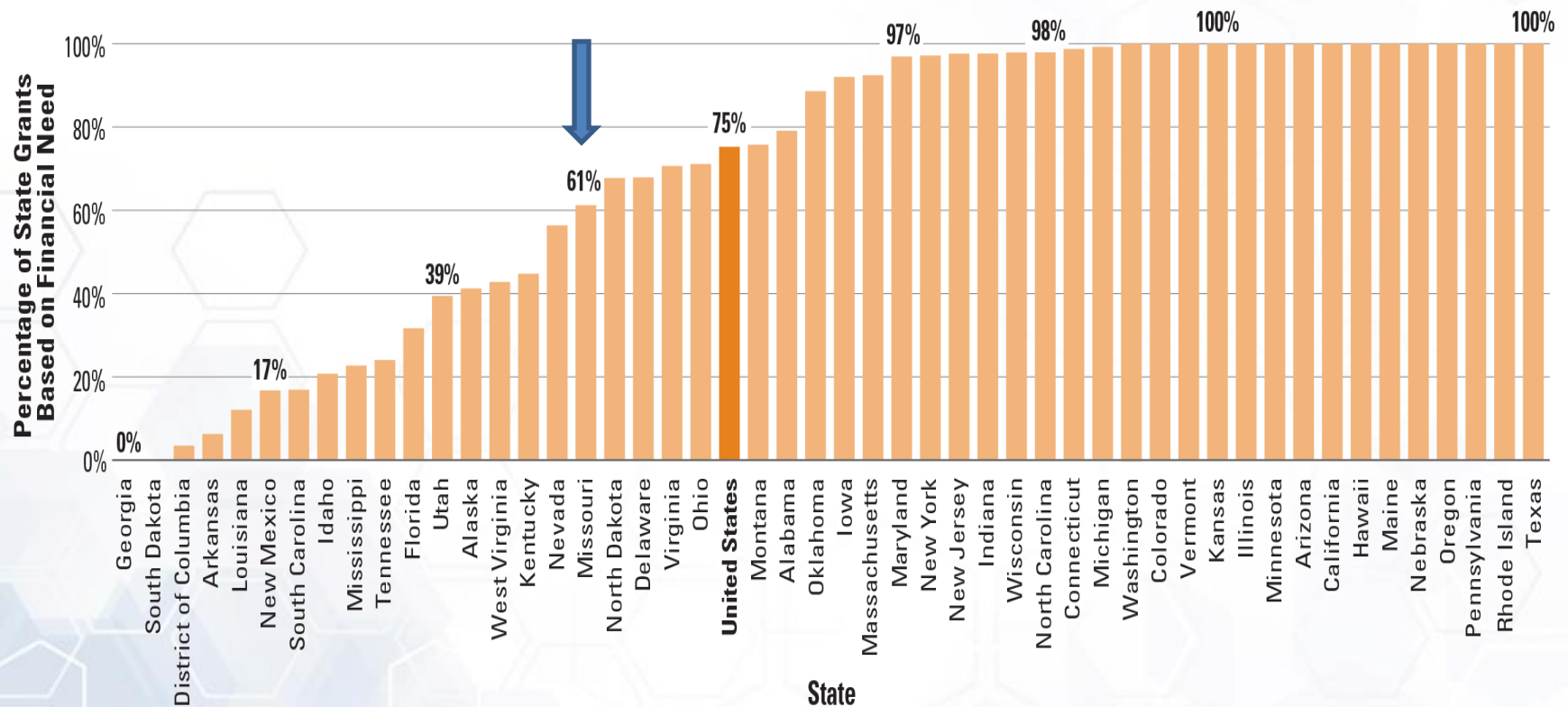
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Selected State Grant and Scholarship Programs, FY 2008 - 2014

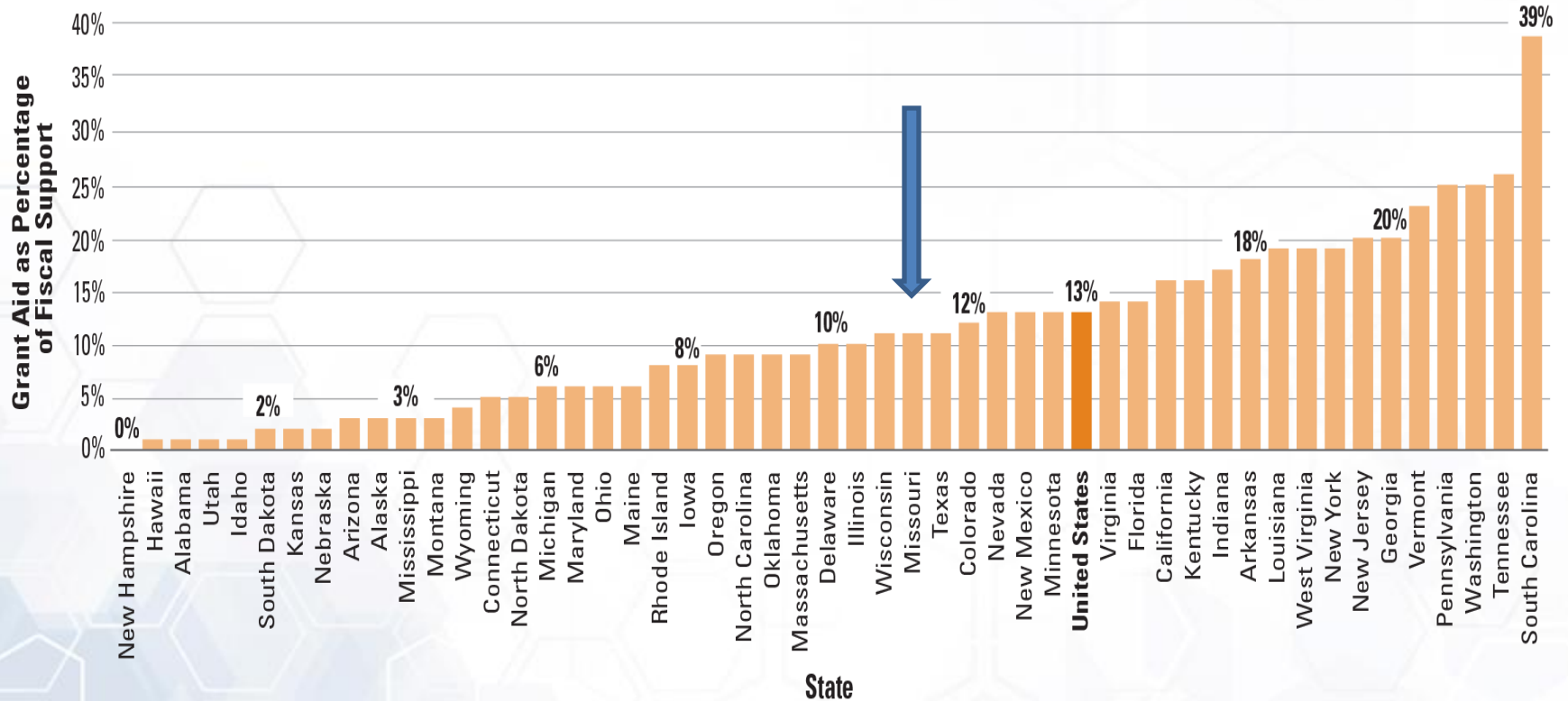


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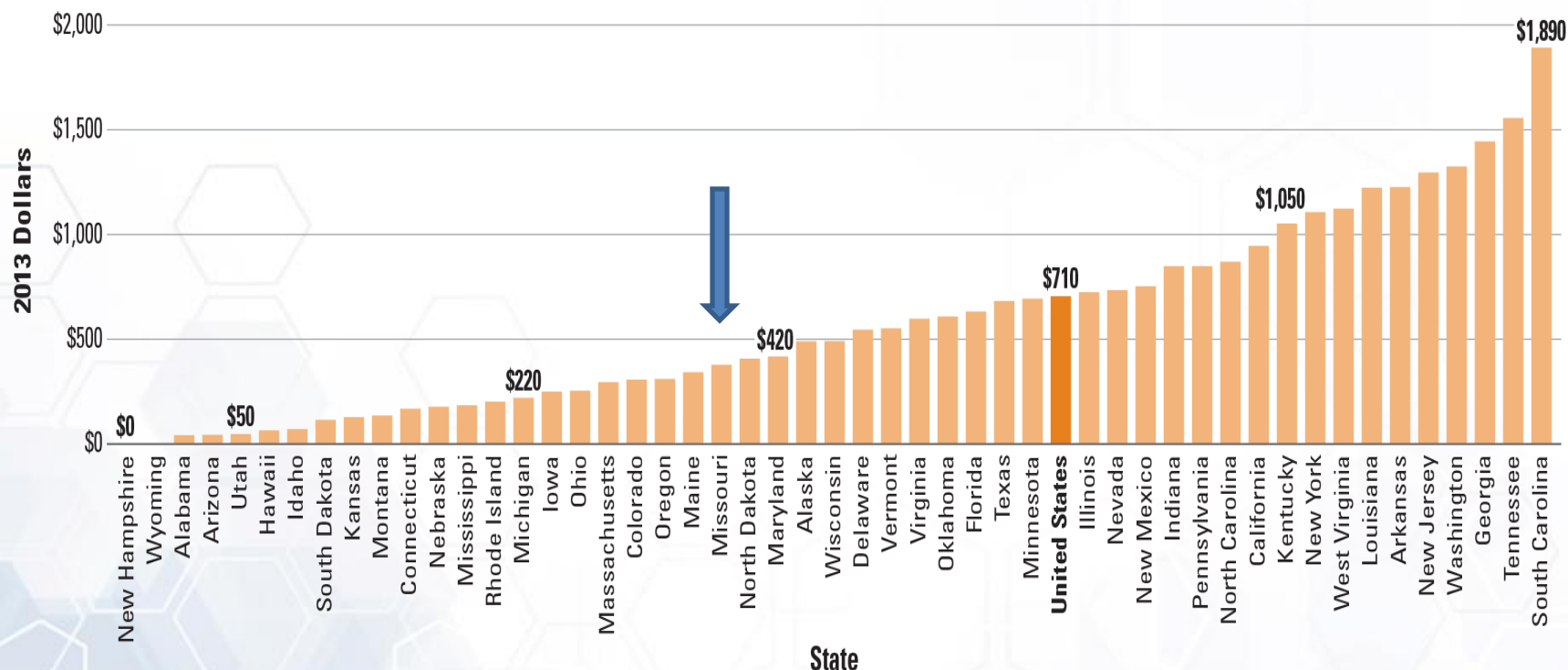
Need-Based State Grant Aid as a Percentage of Total Undergraduate State Grant Aid by State, 2012-13



State Grant Expenditures as a Percentage of Total State Support for Higher Education by State, 2012-13



State Grant Aid per Full-Time Equivalent (FTE) Undergraduate Student by State, 2012-13



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SOURCE: The College Board, *Trends in Student Aid 2014*

Conclusions

- Affordability is multifaceted and a broad-based approach is needed to be effective.
- The hype about college cost increases are somewhat overblown, at least in MO.
- Student aid programs should be well designed and targeted toward identified priorities



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Conclusions

- While money alone is not the answer, adequate funding is crucial if programs are to succeed.
- Shift toward non-need aid continues
- State aid is important but not a major player
 - Programs need to be goal oriented
 - Employ focused criteria
 - Comprehensive rather than program focus



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